



2010 Report on Global Citizenship

xerox 



Ursula M. Burns  
Chief Executive Officer

# Good citizenship

Dear Stakeholders:

I write this letter at a time when most economies around the world are emerging from the shadows of recession. Although the worst impacts of the economic downturn may have begun to recede, some of the consequences are likely to have a long-term impact – not all of it bad.

Let me cite just one example in our own business. In an effort to reduce costs over the past few years, most financial services companies pushed their customers to accept online statements as an alternative to paper statements. Some went so far as to charge for paper. That type of transactional printing – a lot of it done by Xerox – is not coming back.

You might think that's of concern to us. In fact, it is not. Our services business is very adept at helping our customers move from paper to digital documents. It's a wonderful version of the triple bottom-line. It saves money for our customers. It makes money for Xerox. And it makes for a greener world for all of us.

There are, of course, thousands of examples of this phenomenon – this is being called the “new normal.” It's reflected in our new positioning for the company – Ready for Real Business. Businesses everywhere are focused on finding new ways to do business that are more cost effective, add greater customer value and are sustainable over the long haul.

That same thinking and focus have spilled over into the way we think about our efforts in citizenship. A case in point is our efforts to broaden and expand the number of young people entering the fields of science, technology, engineering and mathematics – the STEM disciplines. We've been at that for nearly half a century.

During the civil rights struggles of the 1960s, Xerox vowed to become part of the solution. We started a program to send our scientists and engineers into the schools of Rochester, New York, to teach science to inner-city students and mentor them as well.

“The more we do, the more we see the potential of what is possible. We are not discouraged by the enormity of what lies ahead; we are motivated by it.”

We established relationships with several engineering schools at historically black colleges. We invested considerable money in scholarship programs aimed at underrepresented minorities. We signed on as a founding member of the National Action Committee for Minorities in Engineering (NACME).

Today, we still support all these programs and many more. We were a founding member of FIRST, the widely acclaimed national robotics competition for high schoolers. We were also a founding member of the National Academy Foundation's Academies of Engineering – schools within schools in more than 160 districts in disadvantaged areas – that prepare high schoolers for college educations and careers in STEM. It's no accident that today we have a very diverse technical and engineering community within Xerox.

I am a good example. I came to Xerox as a summer engineering intern from Brooklyn Polytechnic Institute, was hired by Xerox, sent to Columbia University for a Master's degree in engineering and never left the company.

is good business.

I'm sure that Xerox's demonstrated and enduring commitment on this issue is why President Obama asked me earlier this year to help galvanize the U.S. business community to increase the number of young people who pursue STEM degrees and careers. More than a hundred major corporations have signed on to the effort. It's called Change the Equation and we hope through our efforts we'll do just that – shift the education dynamic from a declining interest in STEM to generating more active participation among students and educators.

Now here's the "new normal" rub. I sense a strong level of both frustration and commitment. We're frustrated because all of our companies are doing a lot in this area and can point to individual successes, yet the national needle has barely budged. We're committed to changing that because the future of our companies and our country depends on it.

The brutal reality is that despite all the effort and local successes, we are falling further and further behind at the national level. In order to maintain America's leadership in the global economy, we need a constant stream of innovation and invention. And that starts with mentoring and preparing a new generation of innovators. It's an easy position for Xerox to support. Investments in innovation and in STEM have shaped our company for decades and will influence our future for many years to come. So, we were quick to put our hand up in supporting these objectives of Change the Equation:

- Improving STEM teaching at all grade levels, with a larger and more diverse cadre of highly capable and inspirational STEM teachers.
- Inspiring student appreciation and excitement for STEM programs and careers to increase success and achievement in school and opportunities for a collegiate education, especially among females and students of color.

**“We are part of an ongoing experiment to prove that good citizenship and good results are not only compatible but synergistic – in good times and in challenging times.”**

- Achieving a sustained commitment to improving STEM education from business leaders, government officials, STEM educators and other stakeholders through innovation, communication, collaboration and data-based decision making.

The devil, of course, is always in the details – in this case how we measure progress. Identifying sustainable, achievable and meaningful metrics is important work that has already begun. It won't be easy, but it is essential.

Within Xerox, that is also an ongoing challenge. How do we identify the right set of metrics and then measure against them to assure that good intentions are being translated into quantifiable results? It's not as easy as you might think. Take our worldwide supply chain and its impact on sustainability. There are a lot of expectations and regulations that aren't always aligned. Customers and shareholders often have competing interests. The United States and a variety of countries in which we do business are not always on the same page. Trying to do the right thing by all these stakeholders can have unintended consequences that result in the wrong thing.

This is one of our major challenges where our stakeholders and Xerox want to be even more responsive to the quest for a greener world and just societies. Translating these lofty aims into real business metrics will take tenacity, wisdom and courage.

We do some wonderful things with hard data to support our accomplishments – particularly in areas that impact the environment. You will see some of them in this report. Yet the more we do, the more we see the potential of what is possible. We are not discouraged by the enormity of what lies ahead; we are motivated by it. All of us recognize that we are on a journey with no end. As good as we are today, we must and we will be even better tomorrow.

I'd be remiss if I didn't mention that Xerox got a lot bigger and a lot stronger early in 2010 with the acquisition of Affiliated Computer Services. ACS brings with it more than \$6 billion in revenue, more than doubles our employee base and adds knowledge and expertise that make the new Xerox the world's leading enterprise for business process and document management. It also brings us new responsibilities that we are eager to embrace. This report touches on ACS's citizenship activities. With ACS now a Xerox Company, we know our values will permeate throughout the ACS workforce and stimulate even more community engagement and responsibility among our combined workforce that is now 133,000 people strong.

Although we take a lot of pride in our record on citizenship, we know that we owe a lot to Xerox people who have gone before us. They paved the way and built a culture in which good citizenship is integrated into the way we conduct ourselves today. Even in the midst of economic stress and uncertainty, Xerox people continue to volunteer in their communities under company-sponsored programs. The Xerox Foundation continues to invest in making our world a little better. And Xerox people lend their expertise to a myriad of boards and advisory councils in the non-profit world. I'm in awe of how seriously they take our collective responsibility to give back.

You will see that philosophy running throughout this report. It's organized around five themes that capture the essence of our citizenship efforts:

- Conducting our business with integrity and transparency builds credibility and attracts investors.
- Aligning our resources around customer need provides the revenue stream that enables investment in innovation and future growth.
- Nurturing a greener world through sustainable innovation and development saves money, creates value and helps develop new markets.
- Creating a great workplace for our people strengthens our competitiveness.

- Leveraging our resources to make our world better improves the quality of life for our people and the economic climate for our customers.

We are a much bigger company today. We offer a much broader portfolio of services and technology. We have significantly expanded our global reach. But certain things remain the same. Xerox people remain passionate about honoring the legacy we have been given and passing it on even stronger to those who will follow us. You can be sure we will not rest on our laurels. We believe we are part of an ongoing experiment to prove that good citizenship and good results are not only compatible but synergistic – in good times and in challenging times.



Ursula M. Burns  
Chief Executive Officer

# Progress Report

## An Ethical Business

In today's worldwide marketplace, risks abound. Governance imparts guidelines and accountability. Some may view it as restrictive. But at Xerox, we consider it empowering. We are in business for the long term and being the best global citizen is critical to our success.

### Activity

Percentage of employees who completed Code of Conduct Training and/or acknowledgement

### Highlights

Training is mandatory for new employees.

## The Customer Experience

How does Xerox address customers' needs? Actively... make that proactively. Our forward-looking initiatives protect privacy, strengthen safety and security, and enhance access to our products, services and people.

### Activity

Broadened product portfolio: product launches

### Highlights

Xerox offers the industry's broadest portfolio of document technology and services; more than 115 products launched in the last four years. Xerox won more than 350 awards globally in 2009 in recognition of innovative technology, reliable products and a leading services offering.

Number of patents awarded to Xerox group; includes Fuji Xerox

Xerox's joint venture in Japan, Fuji Xerox Co. Ltd., received 425 U.S. patents, an increase of 28 percent over 2008. When taken together, the Xerox group garnered 1,131 patents total. That accomplishment pushes Xerox into the No. 12 spot worldwide. Fuji Xerox patents were not included in the ranking compiled by U.S. patent analysis firm IFI Patent Intelligence.

Xerox and Fuji Xerox collectively invest about \$1.5 billion annually in research, development and engineering.

Customer service

Xerox has been recognized by J.D. Power and Associates for providing "An Outstanding Customer Service Experience." This is the fourth consecutive year the company has achieved the esteemed certification for Excellence in Technology Service and Support.

Xerox Services was awarded the Hall of Fame STAR Award from the TSIA for Lifetime Achievement for Service Excellence and the 2009 Aberdeen Industry Achievement Award for Service Excellence.



**2009**

**2008**

**2007**

**2006**

94%

86%

81%

92%



**2009**

**2008**

**2007**

**2006**

34

29

41

14

1,131

940

901

813

Achieved certification in the J.D. Power and Associates program for Certified Technology Service and Support.

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Xerox is the leader in Document Process Outsourcing according to the 2009 Black Book of Outsourcing, an annual guide that evaluates the costs and benefits of outsourcing. The yearly ranking of outsourcing companies is based on survey responses from more than 24,000 executives worldwide.

# Progress Report

## A Greener World

At Xerox, a greener world is not a cost of doing business. It's our way of doing business.

### Activity

### Highlights

Environmental management

Environmental performance reporting now occurring at all major Xerox facilities, whether manufacturing, office or warehouse.

Recycle rate (non-hazardous solid waste)

Our EA toner plant in Webster, New York, achieved waste-free status (zero waste to landfill).

We established a corporate waste-free goal for facilities to increase recycle/reuse rate to 97 % by 2012.

Water consumption

The environmental impacts of water use are monitored and managed throughout our worldwide operations.

The EA toner manufacturing process implemented changes that significantly reduced water consumption.

Energy consumption

Energy consumption down 21 % from 2002.

Greenhouse gas emissions

Greenhouse gas emissions down 31 % from 2002, the result of improved energy efficiency, new technologies and improved energy management practices.

We are in the process of reviewing our long-term objectives and path to progress to account for the addition of ACS people, facilities and work practices in our enterprise.

Products launched achieving the ENERGY STAR® rating (eligible products)

92 % of new product launches in 2009 met the July 2009 rigorous ENERGY STAR requirements. This includes the Xerox 700 Digital Color Press, a light production product, which is one of the fastest color products to achieve ENERGY STAR rating.

Waste diverted from landfills through equipment and supplies return, reuse and recycling programs

Xerox partners with a global recycler to introduce a "close the loop" program. The partnership brings two environmentally conscious companies together to collaborate on our new recycling program. It gives customers more choices in returning used imaging supplies – like toner bottles, cartridges, fusers and toner waste.



2009	2008	2007	2006
<ul style="list-style-type: none"> <li>The new Xerox EA toner manufacturing sites achieve ISO 14001 certification</li> </ul>	<ul style="list-style-type: none"> <li>All manufacturing facilities certified to ISO 14001</li> <li>The ISO 14001 approach has been extended to U.S. warehouse operations</li> </ul>	<ul style="list-style-type: none"> <li>All manufacturing facilities certified to ISO 14001</li> <li>Two facilities named members of U.S. EPA National Environmental Performance Track, bringing total to five</li> </ul>	<ul style="list-style-type: none"> <li>All manufacturing facilities certified to ISO 14001</li> <li>Three facilities named members of U.S. EPA National Environmental Performance Track</li> </ul>
93%, up 1% from 2008	92%, unchanged from 2007	92%	91%, unchanged from 2005
Down 7% from 2008; Down 26% from 2002	Down 15% from 2007	Up 2% from 2006	Down 3% from 2005
Down 8% from 2008	Up 2% from 2007	Down 2% from 2006	Down 13% from 2005
Down 11% from 2008; Down 31% from 2002	Down 20% from 2002	Down 21% from 2002	Down 11% from 2005; Down 18% from 2002
92%, up 12% from 2008	80%	80%, down 20% from 2006 due to new ENERGY STAR specification	100%, unchanged from 2005
2.3 billion pounds since 1991	2.2 billion pounds since 1991	2.1 billion pounds since 1991	2.0 billion pounds since 1991

# Progress Report

## A Great Workplace

There would be no Xerox without our people. We value our employees and appreciate the contributions and diversity they bring to our organization. In turn, we offer a range of opportunities and programs to support their goals and help them achieve work/life balance.

### Activity

Employee Survey – favorable response rate to: My work gives me a feeling of personal accomplishment.

### Highlights

We created a proprietary Voice of the Employee (VOE) Survey that allows managers to create a personal pulse survey to assess their employees' satisfaction on their work, workgroup, manager, and on Xerox as a whole. Each manager receives a personalized report. In addition, we capture trend data and employee ideas. Since 2009, we've used this pulse survey process in 37 countries using 25 native languages.

Sentinel Satisfaction Assurance System

The Sentinel Customer Satisfaction Assurance System™, a Xerox proprietary Web-based polling/routing/reporting system, links employee inquiries or comments through the intranet with appropriate Xerox contacts to identify and track any comment, suggestion or unresolved problem for action.

For example, in a large organization it can be difficult to know whom to contact with concerns or questions. Sentinel helps to close this communication gap by providing a link on our intranet in the U.S. and Brazil. Employees can submit questions or concern which will be routed to the appropriate management teams for resolution. Plans are in place to expand the process globally.

Diversity – percentage of women employees

- Recognized as one of Human Rights Campaign's 2009 Best Places to Work
- Xerox Research Centre Canada named one of the Top 10 Places Where Employees Thrive by *Your Workplace* magazine

Diversity – percentage of minority employees

- No. 35 in *DiversityInc* Top 50
- NAFE Top Companies for Executive Women list for 2010
- Named to iSixSigma's list of Best Places to Work for Six Sigma Professionals. Xerox ranked 7th and was noted for its supportive culture for Lean Six Sigma, talent and training. iSixSigma.com and *iSixSigma Magazine* sponsored the list, which received more than 50 nominations.
- IDG's Computerworld named Xerox a 2010 "Best Places to Work in IT" for organizations that challenge their IT staff while providing great benefits and compensation
- Named as one of "Most Admired for HR" companies by *Human Resource Executive* magazine, which is based on *Fortune* magazine's Most Admired Companies list. The list focuses on management quality, product/service quality, people management and innovation.
- Xerox Germany received the "certification Audit berufundfamilie" (Audit Job and Family) supported by the German government department for support of family, senior citizens, women and youth



2009	2008	2007	2006
77%	No surveys conducted	80%	79%
4,106 issues received and routed for resolution	4,219 issues received and routed for resolution The increase is a result of increased global adoption of the tool	320 issues received and routed for resolution	Numbers not available
31.8%	32.9%	31.5%	32.3%
30.1%	22.6%	29.5%	29.3%

# Progress Report

## A Great Workplace (cont'd)

Activity	Highlights
Employee injury rates: Total Recordable Incident rate	Improved safety management processes for the planning and tracking of injury prevention activities.
Employee injury rates: Days Away From Work case rate	Improved driver safety training delivered for Service Technicians to reduce motor vehicle accidents.

## Our Communities

Our philanthropy and volunteer programs provide channels for us to give back and create positive and lasting impacts in the communities where we work and live.

Activity	Highlights
The Xerox Foundation giving – total	<p>Our 2009 giving was invested in 2,823 non-profit organizations in the following focus areas:</p> <ul style="list-style-type: none"><li>• Education and Workforce Preparedness</li><li>• Science and Technology</li><li>• Environmental Affairs</li><li>• Employee and Community Affairs</li><li>• United Way</li><li>• Cultural Affairs</li><li>• National Affairs</li><li>• Matching Gifts</li></ul>
Xerox Community Involvement Program (XCIP) – number of U.S. employees who participated in community activities	<p>The Xerox International Cycling Team participated in the American Diabetes Association's Tour de Cure in June. The team of Xerox employees, retirees and family members raised over \$12,000 before the start of the event.</p> <p>As a founding partner of United Way Chile, Xerox people in that country responded to the February 2010 earthquake; they assisted in building two nursery schools, which today welcome 200 children who come from some earthquake-affected families.</p>

**2009**

Down 7% from 2008

**2008**

Down 2% from 2007

**2007**

Down 12% from 2006

**2006**

Down 2% from 2005

Down 4% from 2008

Up 6% from 2007

Down 11% from 2006

Down 2% from 2005



**2009**

\$12.0 million

**2008**

\$12.6 million

**2007**

\$12.5 million

**2006**

\$12.0 million

- 8,650 Employees
- 648 Projects
- \$978,018

- 9,893 Employees
- 604 Projects
- \$909,000

- 9,075 Employees

- 9,303 Employees

# A Greener World

## Preserve Biodiversity and the World's Forests

### Strategic Goal

Sustainable paper cycle

### Objective

- Source paper from companies committed to sound EH&S practices and sustainable forest management.
- Certify Xerox-branded paper to standards for sustainable forest management.
- Advance sustainable forest management tools and approaches among Xerox suppliers.

### Metric/Target

- Supplier adherence to Xerox requirements for sustainable forest management. Goal is 100% by volume.
- Obtain Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC) Chain of Custody certifications for Xerox operations in 2007 and maintain in 2008/9 to enable launch of first FSC- and PEFC-certified papers in 2007, increasing percentage in portfolio in 2008 and beyond.
- Successful three-year, \$1 million partnership with The Nature Conservancy.

### 2009 Progress

- More than 90% of Xerox paper by volume met our requirements.
- Maintained chain of custody certification as planned, expanding portfolio of FSC- and PEFC-certified papers.
- Xerox/The Nature Conservancy partnership (2007–2009) was successfully concluded. In early 2010, Xerox renewed the partnership for a four-year period to continue the effort.

## Preserve Clean Air and Water

### Strategic Goals

Zero persistent, bioaccumulative, toxic (PBT) footprint; water-neutral; zero hazardous air pollutants

### Objective

- Reduce PBT footprint throughout the supply chain.

### Metric/Target

- Xerox's ISO 14001-certified facilities have established goals to reduce hazardous materials as well as energy and waste.
- Life Cycle Evaluation (LCE) to prioritize areas for future technology development.
- Reduce use of PBTs in Xerox supply chain through adherence to Xerox's chemical use standards for all suppliers and EICC requirements for our 50 key global suppliers, representing 90% of spend by 2012.

### 2009 Progress

- Worldwide hazardous waste volumes decreased 4% from 2008 and 96% was beneficially managed.
- Xerox's ISO 14001 certified facilities have identified any PBTs that may be present in their facilities for processes or facility maintenance. In the few instances where PBTs have been identified, the facilities are in the process of establishing goals to reduce their use.

- As part of EICC, on track to completion of audits on major high-spend/strategic suppliers in high-risk regions; in conjunction, follow-up audits also conducted to ensure suppliers are working toward compliance with the EICC code.
- Completed life cycle evaluation of ColorQube™ 9200 Series MFDs compared to a laser printer, and is using LCE to inform future direction of R&D in products and materials.

## Protect Our Climate

### Strategic Goal

Carbon-neutral

### Objective

- Reduce total company-wide greenhouse gas (GHG) emissions.
- Help customers meet their printing needs with the most energy-efficient document management solutions.

### Metric/Target

- Reduce total GHGs by 25% from 2002 to 2012.
- Obtain ENERGY STAR® rating for 90% or more of new product launches by 2010.

### 2009 Progress

- GHG emissions down 31% from 2002 to 2009.
- 92% of eligible new products launched met the 2009 ENERGY STAR (version 1.1) standard.

## Waste Prevention and Management

### Strategic Goal

Waste-free facilities and products

### Objective

- Reduce material footprint of Xerox equipment and supplies.
- Achieve "zero waste to landfill" for major facilities worldwide.

### Metric/Target

- Continued investment in "cartridge-free" solid ink technology that produces up to 90% less waste from supplies and packaging than conventional office color printers.
- Maintain >90% reuse or recycling of recovered Xerox equipment and supplies offerings.
- Expand ISO 14001-conforming environmental management system to Xerox U.S. supplies warehouses in 2008 and additional operations and geographies in 2009 to 2011.

### 2009 Progress

- In 2009, launched Xerox's ColorQube multifunction printer, expanding solid ink's environmental benefits to the mid-level office market.
- Two U.S. Product Distribution Centers located in California and Ohio achieved ISO 14001 certification in early 2010.
- Webster EA toner plant achieved "Waste-Free" status (zero waste to landfill).
- Achieved >90% reuse or recycle rate for returned equipment and supplies.
- "Worldwide Waste-Free goal for facilities" established (increase recycle/reuse rate to 97% by 2012).



This report is just a snapshot of Xerox's comprehensive citizenship activities. The report itself is printed in ways that minimize its impact on the environment. To keep paper use at a minimum, we've expanded [www.xerox.com/corporate-citizenship/2010](http://www.xerox.com/corporate-citizenship/2010) to provide the full picture of our global initiatives.

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